

**Exhibit 3 –September 2001 staff recommendation**

**COASTAL CONSERVANCY**

Staff Recommendation

September 25, 2001

**SAN GREGORIO FARMS ACQUISITION**

File No. 99-044

Project Manager: Prentiss F. Williams

**STAFF**

**RECOMMENDATION:** Staff recommends that the State Coastal Conservancy adopt the following Resolution pursuant to Sections 31160 *et seq.* and Sections 31251 *et seq.* of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of an amount not to exceed one million five hundred thousand dollars (\$1,500,000) to partially reimburse the Peninsula Open Space Trust (POST) for the acquisition of the San Gregorio Farms property (Assessor’s Parcel Numbers 081-013-030, 081-021-020, -030, -040, -060, and 081-230-030), shown on Exhibit 3 to the accompanying Staff Recommendation, subject to the following conditions:

1. Prior to the disbursement of funds, POST shall submit for the review and approval of the Executive Officer of the Conservancy:
  - a. All relevant acquisition documents, including but not limited to, appraisals, agreements of purchase and sale, hazardous materials assessments and documents of title;
  - b. An irrevocable offer to dedicate or other instrument acceptable to the Executive Officer permanently dedicating the property to public access, resource protection and open space purposes, pursuant to Public Resources Code Section 31116(b), and including the dedication of public trail easements to and along the coast; and
  - c. Evidence that POST has paid no more than fair market value for the property acquired,

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as established in an appraisal approved by the Executive Officer of the Conservancy;

2. POST shall submit for the review and approval of the Executive Officer a signing plan for the project acknowledging Conservancy participation; and
3. POST shall maintain and operate the property in a manner consistent with the purposes of natural resources and open space protection and public access for 20 years or until the date that the property is transferred to a public entity approved by the Executive Officer, whichever occurs first.”

Staff further recommends that the Conservancy adopt the following findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed project is consistent with Chapter 4.5 of Division 21 of the Public Resources Code, establishing the San Francisco Bay Area Conservancy Program;
2. The proposed project is consistent with the Project Selection Criteria and Guidelines adopted by the Conservancy on January 24, 2001;
3. The Peninsula Open Space Trust is a nonprofit organization existing under Section 501(c)(3) of the U.S. Internal Revenue Code, having among its principal charitable purposes the preservation of lands in their natural, scenic, historical, agricultural, forested or open-space condition; and
4. The property to be acquired consists of natural land that has outstanding wildlife, scenic, open space or park resources.”

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#### **STAFF DISCUSSION:**

Project Description: The proposed project consists of a grant of funds to the Peninsula Open Space Trust (POST) in partial reimbursement for the acquisition of a 267-acre property in coastal San Mateo County known as San Gregorio

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Farms. The property will be held and managed by POST until a transfer to an appropriate public entity can be arranged. Due to the property's proximity to two state park units (see Exhibit 2), it is anticipated that the Department of Parks and Recreation (DPR) will be the ultimate owner.

The San Gregorio Farms property lies between two existing state park units, San Gregorio State Park and Pomponio State Park. The property contains valuable natural habitat and presents an opportunity for creating recreational trail links both along San Gregorio Creek and between the two existing state park units. Acquisition of this property will also enable the restoration and enhancement of a 4,300-foot portion of San Gregorio Creek, which supports a number of threatened or endangered species, including the steelhead salmon and the California red-legged frog.

The San Gregorio Farms property has been listed as a priority acquisition by both the California Department of Fish and Game (DFG) and DPR for more than seven years. However, due to financial and administrative constraints, it has never been possible for either of these agencies to acquire the property directly.

Protection and enhancement of San Gregorio Creek has been a priority for Conservancy staff as well. (The Conservancy's *1997 Strategic Plan* and the *2001 Five Year Capital Outlay Plan* both identify the creeks and watersheds of the San Mateo County Coast as priorities for Conservancy action.) However, because of its own administrative limitations and financial constraints, the Conservancy was unable to negotiate successfully with the property owners when the property last became available for sale in 1999.

POST, having greater flexibility than any state agency, was better able to negotiate the terms of a purchase agreement. However, due to the requirements of the seller, POST had to complete the acquisition of the property within a very short period of time. In spite of strong interest on the part of the Conservancy and other agencies, it was not possible for POST to secure commitments of funding from these agencies within this very limited period. Therefore, POST stepped forward and completed the acquisition using its own cash re-

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serves. Conservancy staff will also be working to secure additional funding needed to enable DPR to purchase the property for inclusion in San Gregorio State Park.

Project Financing:	Coastal Conservancy:	\$ 1,500,000*
	(Total Appraised Value:	\$ 4,310,000)

\* It is anticipated that the Conservancy funds would be from the following sources:

- 1) The Coastal Conservancy's FY 2000/01 budget appropriation for salmonid recovery (the "Salmon Recovery Fund") from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000 (Proposition 12);
- 2) The Coastal Conservancy's FY 2000/01 budget appropriation for the San Francisco Bay Conservancy from Proposition 12;
- 3) The Conservancy's FY 1994/95 budget allocation from the Habitat Conservation Fund; and
- 4) The Conservancy's FY 1988/89 budget appropriation for land acquisition in San Mateo County from the California Parks and Wildlife Conservation Act of 1988 (Proposition 70).

Site Description: The project site is located in unincorporated San Mateo County near the town of San Gregorio, approximately 25 miles south of the City of San Francisco (Exhibit 1). San Gregorio Farms lies east of Highway 1 and is bounded to the north and west by San Gregorio State Park, and to the south by Pomponio State Park (Exhibit 2).

A primary feature of the property is San Gregorio Creek, which flows through the northern portion of the property. The creek, along with its associated floodplain and riparian corridor, supports steelhead salmon, California red-legged frog, San Francisco garter snake, marbled murrelet, and other threatened and endangered species. San Gregorio Lagoon, which is located on state park property immediately downstream from San Gregorio Farms, supports the endangered tidewater goby and is one of only three estuaries in coastal San Mateo County. San Gregorio Creek has historically

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supported a coho salmon fishery, although there have been no reliable reports of coho in the stream since 1976. (DFG has identified reintroduction of coho to the watershed as a priority of the “Draft Strategic Plan for the Restoration of the Endangered Coho Salmon South of the San Francisco Bay.”)

The upland portions of the property consist of coastal terraces and rolling hillsides characterized by open grassland and coastal scrub and afford outstanding views of the coastline. The property has the potential to provide an important link in the Coastal Trail.

The San Gregorio Watershed is approximately 60 square miles in area, and is the second largest drainage in coastal San Mateo County. Development within the watershed is sparse; primary land uses include farming, ranching, public open space, rural residential development, and commercial timber harvesting.

**Project History:** The property was first brought to the attention of Conservancy staff in 1999 by the Coastal San Mateo County Resource Conservation District (RCD). At that time, RCD staff was working with the property owners on a bank stabilization project for San Gregorio Creek and had approached the Conservancy with a funding request. Due to complicated permitting issues and cost considerations, the property owners eventually lost interest in the bank stabilization project. However, in the course of working with the RCD and the property owners, Conservancy staff became aware of the property’s outstanding habitat values and scenic resources. The location of the property between the two state park units made public acquisition of the property an obvious prospect.

Conservancy staff began discussing the possibility of an acquisition with the landowner as well as with the regional staffs of DPR and DFG. However, due to the logistical and administrative issues involved in assembling the public funding needed to complete the acquisition, the Conservancy could not make a commitment to conclude a transaction within a timeframe acceptable to the property owners. POST, having greater administrative and financial flexibility, was better able to negotiate the terms of a purchase agreement. POST secured the property through a four-month pur-

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chase option and completed the acquisition in June using its own cash reserves.

**PROJECT SUPPORT:** The project is supported by State Senator Byron Sher and Assemblywoman Anna Eshoo and a number of public agencies, including DPR, DFG, the National Marine Fisheries Service, and the U.S. Fish and Wildlife Service (Exhibit 4).

#### **CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:**

The proposed project would be undertaken pursuant to Chapter 4.5 of the Conservancy's enabling legislation, Public Resources Code (PRC) Sections 31160-31163, directing the Conservancy to address resource goals in the San Francisco Bay Area and award grants in the nine-county San Francisco Bay Area that will achieve the goals of the San Francisco Bay Program.

The project would help achieve the program goals described in PRC Section 31162.

By working toward the goal of adding the property to existing state park holdings, the Conservancy would be helping to “. . . improve public access to and around the bay, coast, ridgetops, and urban open spaces, consistent with the rights of private property owners . . . through the completion and operation of regional bay, coast, and ridge trail systems, and local trails connecting to population centers and public facilities. . . . (Section 31162(a)).” As described in the “Project Description” and “Site Description” sections above, public acquisition of the property would enable the expansion of existing public accessways as well as the establishment of additional trail connections to the coast and along ridgetops.

Under Section 31162(b), the Conservancy may act to “protect, restore, and enhance natural habitats and connecting corridors, watersheds, scenic areas, and other open-space resources of regional importance.” The San Gregorio Farms property contains important natural habitat areas, including a 4,300-foot reach of the San Gregorio Creek riparian corridor and floodplain. DFG has listed this property as a priority acquisition because of the high value of its natural resources. Environmental restoration of the San Gregorio Farms property

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would provide increased habitat for endangered species and other wildlife. Acquisition of the property by DPR or another suitable public entity would provide a connection between two non-contiguous open space areas. Acquisition of this property also helps to preserve the scenic and open space values of this section of the San Mateo Coast.

As discussed in greater detail in other sections of this staff recommendation and accompanying materials, acquisition of the San Gregorio Farms property would also help to implement the policies and programs of the California Coastal Act and the San Mateo County Local Coastal Plan and is therefore consistent with Section 31162(c).

Consistent with Section 31162(d), public ownership of the San Gregorio Farms property would “promote, assist and enhance” a project that would “provide open space and natural areas” that are readily accessible to urban populations for recreational and educational purposes. The property is readily accessible to the South San Francisco Bay Area and Peninsula, two of the State’s most populous and rapidly growing urban areas.

The proposed project would also be consistent with PRC Section 31163(d) in the following respects: (1) preservation of San Gregorio Farms for open space protection and environmental enhancement is consistent with several provisions of the County of San Mateo Local Coastal Plan (LCP) as discussed in the “Consistency with Local Coastal Program Policies” section below; (2) the project involves multiple groups and agencies (POST, the Conservancy, DPR, and DFG) and serves a regional constituency by protecting a steelhead salmon fishery within the “Central California Coast Evolutionary Significant Unit,” or ESU, and by helping to meet a region-wide need for increased public coastal access; (3) the project will be implemented in a timely manner in that initial purchase of the property has already occurred, and subsequent project phases, including transfer to an appropriate public entity, will be completed as soon as the additional funding can be secured; (4) not purchasing this property would have resulted in the loss of a significant conservation and public recreational opportunity (see the “Project Description” section above); and (5) as outlined in the “Project Financing” section above, funds

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from POST have already gone into the acquisition and the groundwork is being laid for obtaining others.

**CONSISTENCY WITH  
CONSERVANCY'S  
PROJECT SELECTION  
CRITERIA & GUIDELINES:**

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines adopted January 24, 2001, in the following respects:

#### **Required Criteria**

**Promotion of the Conservancy's Statutory Programs and Purposes:** As discussed in the "Consistency with Conservancy's Enabling Legislation" section above, the proposed project is consistent with several provisions of Chapter 4.5 of the Conservancy's enabling legislation, Public Resources Code Sections 31160-31163, with respect to resource goals in the San Francisco Bay Area.

**Consistency with Purposes of the Funding Source:** It is anticipated that the Conservancy grant funds would come from the following sources: 1) the Conservancy's FY 1994/95 budget allocation from the Habitat Conservation Fund (HCF); 2) the Conservancy's FY 2000/01 budget appropriation for salmonid recovery (the "Salmon Recovery Fund") from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000 (Proposition 12); 3) the Conservancy's FY 2000/01 appropriation from Proposition 12 for the San Francisco Bay Conservancy; and 4) funds designated for land acquisition in San Mateo County from the Conservancy's FY 1988/89 appropriation from the California Parks and Wildlife Conservation Act (Proposition 70).

Consistent with the purposes of the Habitat Conservation Fund, the proposed project would result in the protection and restoration of significant natural resources, including habitat for at least three threatened or endangered animal species: the steelhead salmon, the California red-legged frog, and the tidewater goby.

One of the objectives of the proposed project is the protection and restoration of habitat for the steelhead salmon in San Gregorio Creek, a coastal stream. The



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project would therefore also be consistent with the purposes of the Coastal Conservancy's Salmon Recovery fund.

As discussed in the "Consistency with the Conservancy's Enabling Legislation" section above, the proposed project is consistent with the several provisions of Chapter 4.5 of the Conservancy's enabling legislation with respect to resource goals in the San Francisco Bay Area.

Consistent with the general purposes of Proposition 70 (PRC Sections 5900-5930 *et seq.*), the proposed project involves funding an acquisition of relatively undeveloped land which can be feasibly restored to a near-natural condition and has a combination of outstanding wildlife, scenic, open space, and park resources (see "Project Description" section above). Further, the proposed project is consistent with the requirements of PRC Section 5907(d)(4), which specifically designates funds to be used for the acquisition of coastal lands in San Mateo County. Lands acquired with these funds must meet at least three out of six statutorily listed criteria, with preference given to lands meeting the largest number of criteria. Consistent with the requirements of this funding source, the San Gregorio Farms property meets five of the six statutorily listed criteria in that the property: consists of land that is part of a state scenic corridor (criteria #2); is designated in the San Mateo County general plan as agriculture (criteria #3); contains sensitive habitat areas (criteria #4); is in close proximity to an urban area (criteria #5); and is adjacent to other public natural lands (criteria #6). More detailed discussions of the property's characteristics are included in the "Project Description" and "Site Description" sections of this staff recommendation.

**Support from the Public:** As discussed in the "Project Support" section above, the proposed project is supported by a number of state and federal agencies, legislators, and members of the local community.

**Location:** The proposed project is located within the Coastal Zone in San Mateo County, which is one of the nine counties within the jurisdiction of the San Francisco Bay Area Conservancy Program.

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**Greater than Local Interest:** The project is located in close proximity to one of California's most rapidly growing major metropolitan areas. The public beaches and parks of San Mateo and Santa Cruz Counties are heavily used year-round by people from all over the Bay Area and the state. As the population of California continues to grow, there will be increasing demand for such open spaces accessible to the major urban areas in the region. Additionally, San Gregorio Creek supports a steelhead salmon fishery and is located in the Central California Coast ESU for steelhead established by the National Marine Fisheries Service. Having been designated as an endangered species by both the U.S. Fish and Wildlife Service and the DFG, protection of the steelhead salmon is therefore of state and nation-wide importance.

**Need:** As a private organization, POST is able to negotiate and complete real estate transactions far more quickly than any public agency. POST also has financial resources sufficient to fund even large acquisitions directly. In this way, POST has been able to preserve opportunities for public agencies to acquire important properties that would otherwise have been lost. In order for POST to continue to play this vitally important role, it must receive reimbursement for the properties it secures.

Due to requirements imposed by the seller, POST had to complete the acquisition of San Gregorio Farms within a very short period of time. Although a number of public agencies have long been interested in acquiring the property, it was not possible for POST to secure commitments of funding from these agencies within the very limited option period. Therefore, POST financed the acquisition using its own cash reserves and is now requesting funding from the Coastal Conservancy in order replenish its own funds.

#### **Additional Criteria**

**Resolution of More than One Issue:** Public acquisition of this property would connect two non-contiguous state park units. Public acquisition would also help to resolve a number of environmental issues by enabling comprehensive restoration work to be carried out on

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this reach of the creek. Such work would not be possible were the property held privately.

**Realization of Prior Conservancy Goals:** The Coastal Conservancy's *1997 Strategic Plan* and the *2001 Five Year Capital Outlay Plan* both identify the creeks and watersheds of the San Mateo County Coast as priorities for Conservancy action. Both plans include specific policies targeting these areas for protection and enhancement. The acquisition of San Gregorio Farms will help serve these goals by protecting the lower reach of San Gregorio Creek from development and by enabling enhancement of the creek's riparian corridor and floodplain. The Conservancy is also actively involved in the statewide Coastal Salmon Recovery Project. The acquisition of San Gregorio Farms will help achieve the goals of this program by protecting and enhancing habitat for the steelhead salmon. Addition of the property to the adjacent state park property would also serve the Conservancy's goal of developing the Coastal Trail.

**Cooperation:** POST was willing to invest the considerable time and money required to complete this very challenging acquisition because of the cooperative relationship established between POST and the Coastal Conservancy. Conservancy staff will continue to collaborate with POST staff in order to effect the eventual transfer of the property to a suitable public agency.

#### **CONSISTENCY WITH**

**THE COASTAL ACT:** The proposed project is consistent with several of the policies contained in Chapter 3 of the California Coastal Act (Section 30200 of the Public Resources Code).

Section 30210 requires that maximum access and recreational opportunities be provided for all the people consistent with public safety needs and the need to protect public rights, rights of private property owners, and natural resources from overuse. Public acquisition of the San Gregorio property would greatly increase public access and recreational opportunities on this section of the coast.

Section 30240 provides that "(a) Environmentally sensitive habitat areas shall be protected against any significant disruption of habitat values. . . ." and "(b) De-

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velopment in areas adjacent to environmentally sensitive habitat areas and parks and recreation areas shall be sited and designed to prevent impacts which would significantly degrade those areas, and shall be compatible with the continuance of those habitat and recreation areas.” The proposed project would be consistent with this section in that public acquisition of the San Gregorio Farms property would enable the greatest level of protection to the environmentally sensitive habitat areas found on the property.

The proposed project is also consistent with the policies of Section 30231, which states that "the biological productivity and the quality of coastal waters, streams, wetlands, estuaries, and lakes appropriate to maintain optimum populations of marine organisms and for the protection of human health shall be maintained and, where feasible, restored. . . ." Preservation of the San Gregorio Farms property as open space and restoration of San Gregorio Creek would, pursuant to this section, maintain the vegetation buffer that protects riparian habitats and minimize any alterations of the streambed.

#### **CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:**

The project is consistent with several provisions of the San Mateo County Local Coastal Program (LCP), including specific policies relating to the protection of sensitive natural resources and to the creation of additional public recreational opportunities.

Most specifically, the acquisition of the San Gregorio Farms property would enable the implementation of several policies contained in the “Recreation/Visitor Serving Facilities Component” of the LCP. Policy 11.13a of this component calls for the establishment of a coastal trail system that will connect major shoreline facilities to inland parks and facilities and will link existing and proposed recreation facilities along the coast. By securing the San Gregorio Farms property for future transfer to a public park agency, the proposed project will enable the development of a portion of this coastal trail system. It is highly unlikely that the development of any such trails would be possible were the property to have remained in private ownership.

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Policy 11.13b(2)(e) specifically proposes the development of a trail segment “connecting San Gregorio State Beach to the communities of San Gregorio and Pescadero via La Honda Road and Stage Road.” Public acquisition of the San Gregorio Farms property would greatly expand the choices available for the alignment of such a trail connection. Most significantly, public ownership of the San Gregorio Farms property would enable the development of a trail completely separated from roads and highways.

The Shoreline Access Component of the LCP specifically calls for the Conservancy and DPR to play an active role in “the acquisition, development, and maintenance of public shoreline access along the coast.” Policy 10.35 provides for the establishment “of priorities for expenditure of public funds, including Coastal Conservancy funds, based on maximizing public recreational opportunities. . . .”

The proposed project is also consistent with a number of policies in the Sensitive Habitats Component of the LCP. San Gregorio Creek is designated as Sensitive Habitat according to three criteria contained in Policy 7.1 of the LCP (Definition of Sensitive Habitats): San Gregorio Creek is a perennial stream; the riparian corridor provides habitat for rare and endangered species; and the upland areas of the property provide resting and feeding areas for migratory and resident birds. Policy 7.3 of the LCP provides for the protection of such Sensitive Habitats.

San Gregorio Creek is specifically designated as a wetland “requiring protection” pursuant to Policy 7.15(a).

Policy 7.35 requires the “preservation of all habitats of rare and endangered species. . . .” San Gregorio Creek and associated riparian corridor contains the steelhead salmon and the California red-legged frog.

#### **COMPLIANCE**

**WITH CEQA:** The project is categorically exempt from the provisions of CEQA under 14 California Code of Regulations Section 15325, which applies to transfers of ownership of interests in land to preserve open space or plant and animal habitat.

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Staff will file a Notice of Exemption upon approval of the project.